

The Earned Income Tax Credit

A First-Step to Financial Stability

BACKGROUND

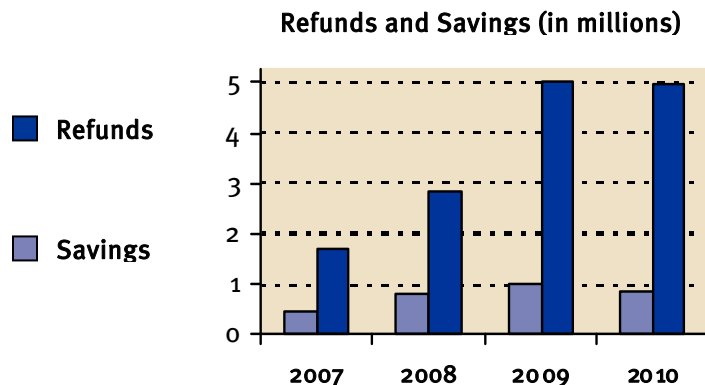
More and more, hardworking people are finding it difficult to keep-up financially. Wages have not kept pace with the rising cost of housing, healthcare and education, and skill levels have not stayed in alignment with changing industry needs. In fact, 16.2% of Franklin County residents find themselves below the federal poverty line despite the fact that many of them are employed. If individuals and families are to realize long-term financial independence, they must have access to tools and resources to maximize their income and help them begin to build assets.

The Earned Income Tax Credit (EITC) helps bridge the gap between what people earn and what is needed to survive. Claimed on a person's tax return, it is designed to supplement wages and reward work – depending on income level, marital status and the number of dependent children, taxpayers earning less than \$48,000 can claim the EITC and receive a refund of up \$5,600. Recognizing the EITC's potential benefit to individuals, families and communities, United Way of Central Ohio partnered with Columbus City Council and the Franklin County Commissioners to launch the Franklin County EITC Coalition in October 2006.

WHAT WE DO

The Coalition's purpose is to raise awareness of the EITC, to provide free, high-quality tax assistance services and to connect people to financial education resources and savings opportunities. HandsOn Central Ohio serves as our primary point of contact with its 2-1-1 telephone number, connecting people with one of the Coalition's 16 free tax assistance centers in Franklin County.

At these locations, trained volunteers prepare and electronically file tax returns. Special attention is given to deductions and credits which help provide taxpayers with the greatest refund on their return. What's more, volunteers take the time to talk to clients about why their refund is important to their longer-term financial health. Since 2007, the Coalition helped income-eligible households complete and file **12,363 tax returns**. In that time, these taxpayers have claimed over **\$14.8 million in refunds** and benefited from an estimated **\$3 million in savings** on tax preparation fees and loans.



WHY IT MATTERS

The EITC helps low- to moderate-wage workers meet basic needs. For those struggling to make ends meet, an infusion of cash through a tax refund is a rare, but critically-needed opportunity. As we've learned from our clients, this extra money pays utility bills, buys groceries or covers the month's rent.

Despite the Coalition's success, there is still work to do. IRS data suggests up to 12,000 households in Franklin County do not apply for the EITC each year, despite being eligible for the credit. Based on estimates of the average EITC refund, this means up to \$20 million goes unclaimed in Franklin County on an annual basis. Of households that do apply for the credit, upwards of 55,000 use paid preparers to file tax forms or apply for refund anticipation loans – forfeiting money due to them through high fees and interest rates. Fees for these transactions range from \$150 to \$400 and drain roughly \$8 million from the pockets of Franklin County taxpayers each year.

GET INVOLVED

With the support of our volunteers, community partners and sponsors, the Coalition has had an economic impact totaling more than \$17.9 million in just four years. Still, there is room for growth. As we enter our fifth year, your support provides the key to our success.

Volunteer.

Encourage your friends and coworkers to volunteer. You don't need to be an expert – we'll train you. An hour of your time could pay for a much-needed repair to a car used to help someone get to work.

Consider a financial contribution.

For every \$1 invested in the Coalition, \$17 is returned to the community. This money spurs additional economic activity, as individuals and families use it to pay utility bills, buy groceries or save for a rainy day.

Partner with us.

We understand tax refunds are a first-step towards building long-term financial stability. When and where appropriate, our tax assistance sites provide access to public and private benefits, financial education opportunities and financial services and products offered by our partners.

The Coalition is committed to creating a stronger, more vibrant community by working collaboratively to build a ladder out of poverty to long-term financial independence. We invite you to join us in creating a financially stable tomorrow for hardworking individuals and families in our community.